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SUMMARY RECORD OF THE 17th MEETING

Chairman: Mr. HAMBURGER (Netherlands)

later: Mr. DJABBARY (Islamic Republic of Iran)

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The meeting was called to order at 10 a.m.

AGENDA ITEM 95: SECTORAL POLICY QUESTIONS (continued)

(a) INDUSTRIAL DEVELOPMENT COOPERATION (A/51/211-S/1996/551, A/51/340 and A/51/462-S/1996/831)

(b) FOOD AND SUSTAINABLE AGRICULTURAL DEVELOPMENT (A/51/431)

1. Mr. CHUNG (Republic of Korea) said that industrialization played a vital role as a catalyst for economic and social progress and that international cooperation had a role to play in industrial development, although the process increasingly was being driven by the laws of the market and by the private sector.

2. In the least developed countries and in a number of African countries where the private sector was weak, the public sector should play an active role in establishing the basic essential infrastructure, and international cooperation should focus on countries and sectors where the lack of such infrastructure was most acute.

3. In order to assist, in particular, small and medium enterprises which had neither the resources nor the expertise required to reduce environmental pollution, strong support should be extended to the concept of environmentally sustainable industrial development and the Area-Wide Environmental Quality Management Plan developed by the United Nations Industrial Development Organization (UNIDO).

4. Although the globalization of the world economy presented opportunities for the developing countries and gave them a better chance to maximize their comparative advantage and thus raise their share of world manufacturing value added, it also intensified competition. It was therefore urgent to close the widening gap between different regions of the developing world by establishing everywhere the infrastructure needed for the growth of the private sector.

5. While the growth in Africa's share of global manufacturing value added was stagnating, in 1995 some African countries had registered a 5 to 9 per cent growth rate in manufacturing value added. Carefully implemented liberalization and reform measures, when complemented by sound domestic policy and a favourable international environment, could have the same result in other countries. International cooperation for industrial development should focus on helping to launch the industrialization process in those countries in which basic infrastructure was lacking.

6. With regard to sustainable agriculture, he said that the pattern of world production and consumption of basic food commodities was expected to undergo a major transformation as a result of the gradual industrialization of the developing countries and the liberalization of trade in agricultural products.

7. The recent decline in world cereal stocks to a disconcertingly low level and the corresponding rise in cereal prices raised serious concerns about world

food security. If the situation was not remedied, freer agricultural trade could magnify the volatility of world food prices. International cooperation therefore should focus on maintaining stable world cereal stocks.

8. Furthermore, sustainable agriculture should be an integral part of the development process in all countries in which the agricultural sector was the backbone of the economy. Statistics showed that in the developing world, the agricultural sector, although low in productivity, employed a large proportion of the labour force. Extensive human resource development programmes were needed to redeploy some agricultural workers to the industrial sector so that sustainable agriculture could be pursued along with industrialization.

9. As a country whose economy had long been based on agriculture and which had recently undergone rapid industrialization, the Republic of Korea was committed to actively contributing to international cooperation for industrial and agricultural development.

10. Mr. RESHETNYAK (Ukraine) stressed the central role of UNIDO within the United Nations system with regard to the promotion of industrial development in the developing countries and the countries with economies in transition. Now that UNIDO had been restructured, it was more flexible and its mandate was more clearly defined and theme-oriented. It should therefore be more effective.

11. UNIDO played an active role in the implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer, was an authority on environmentally sound industrial development and promoted direct contacts between government officials and representatives of the private sector on a global level.

12. UNIDO also assisted the countries with economies in transition. It had helped Ukraine to attract foreign investment, restructure its industry, promote privatization, support small and medium enterprises, adapt human resources to the needs of industry and adopt advanced, environmentally sound technologies.

13. With its experience and technical competence in various disciplines, Ukraine was now prepared to make a practical contribution to sustainable development by transferring technologies to interested developing countries.

14. The CHAIRMAN said that the Committee had concluded its consideration of agenda item 95.

AGENDA ITEM 96: SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (A/51/59, A/51/73, A/51/87, A/51/120, A/51/127, A/51/138, A/51/208-S/1996/543, A/51/210, A/51/295, A/51/314, A/51/357, A/51/375, A/51/462-S/1996/831 and A/51/529)

(a) IMPLEMENTATION AND FOLLOW-UP TO MAJOR CONSENSUS AGREEMENTS ON DEVELOPMENT

(i) IMPLEMENTATION OF THE COMMITMENTS AND POLICIES AGREED UPON IN THE DECLARATION ON INTERNATIONAL ECONOMIC COOPERATION, IN PARTICULAR THE REVITALIZATION OF THE ECONOMIC GROWTH AND DEVELOPMENT OF THE DEVELOPING COUNTRIES

(ii) IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE

(c) INTEGRATION OF THE ECONOMIES IN TRANSITION INTO THE WORLD ECONOMY

15. Mr. KHAN (Chief, Policy Coordination and Inter-Agency Affairs Branch, Department for Policy Coordination and Sustainable Development), introducing the report of the Secretary-General on communication for development programmes in the United Nations system (A/51/314), recalled the main provisions of General Assembly resolution 50/130 and indicated that the report in question had been drawn up in close collaboration with the Director-General of the United Nations Economic, Scientific and Cultural Organization (UNESCO).

16. He drew attention to the points emphasized by the General Assembly, namely the need to use informal mechanisms such as inter-institutional round-table conferences and to use existing mechanisms at both Headquarters and in the field offices, especially in connection with the follow-up to major United Nations conferences, the elaboration of an operational definition and the mobilization of resources.

17. The report was concise and readable and contained five specific recommendations, thus providing an opportunity for a very focused debate.

18. Mr. SMYSHLYAEV (Officer-in-Charge of the Macroeconomic and Social Policy Division, Department for Economic and Social Information and Policy Analysis), introducing the report of the Secretary-General in document A/51/270, said that the first half of the 1990s had been characterized by a number of trends with an impact on development, the most important of which had been the increased globalization and liberalization of the world economy on the one hand, and the continuation of relatively high real interest rates in industrialized countries on the other.

19. The Declaration on International Economic Cooperation explicitly referred to the revitalization of economic growth in the developing countries. Like the International Development Strategy for the Fourth United Nations Development Decade, the Declaration had been adopted at the close of what had come to be known, insofar as development was concerned, as the "lost decade". Indeed, during the 1980s, the economic growth rates had barely kept ahead of the population growth rates in the developing countries as a whole.

20. Although the overall situation had improved in the 1990s, many countries, especially the least developed, found that their position had deteriorated since the beginning of the 1990s under the impact of factors like political instability, capital flight or overdependence on exports of a small number of non-fuel commodities, all of which made it extremely difficult to enact economic reforms.

21. In most regions, the average levels of per capita output still remained below their levels in real terms in 1980. The situation was particularly alarming in Africa. The United Nations system could play a particularly important role in the economic development of countries experiencing difficulties, and was already engaged in doing so.

22. The regional disparities in economic performance were not the only factor to be taken into consideration. The spectacular development of international trade and its role as an incentive for development must be borne in mind.

23. Generally speaking, the developing countries' share of global exports had risen steadily during the 1990s. Those countries had benefited from the follow-up associated with the conclusion of the Uruguay Round of multilateral trade negotiations, the establishment of the World Trade Organization and its new trade dispute settlement mechanism in particular, and the creation or expansion of a growing number of regional trading arrangements into which the developing countries were being increasingly integrated.

24. Another important development had been the changes in international capital flows. Movements of private capital - portfolio investment and direct investment - were playing a growing role, while concessional assistance as a share of capital inflows, which had been continuously declining since the 1960s, had remained virtually stagnant, and commercial bank lending had practically dried up since the debt crisis of the 1980s.

25. Furthermore, direct foreign investment remained highly concentrated. In 1994, 11 countries, comprising 30 per cent of developing country gross domestic product (GDP), accounted for three quarters of total foreign direct investment flows to the developing world.

26. The debt crisis of the 1980s had left many casualties in its wake. Although a number of middle-income developing countries, especially in Latin America, appeared to have gotten a handle on their external debt situations, many low-income countries - and a number of lower middle-income countries as well - continued to face considerable debt-servicing difficulties.

27. The 1990s were marked also by the growing importance of the non-economic aspects of development. The Strategy had already forecast such a trend when it recommended that "responsiveness to social needs" should be a development objective. When income measures were supplemented with other measures of human welfare, it was clear that, on average, populations in developing countries were currently living longer, healthier and better educated lives than had been the case a generation earlier.

28. That being said, it was obvious that there were still dramatic variations between regions, and the question was whether the current relatively robust growth in the developing countries as a whole would translate itself into a widespread improvement of living conditions and especially into poverty reduction worldwide.

29. The United Nations system had been a major actor in promoting a holistic approach to development - linking social, economic and environmental considerations - in all the developing countries, as evidenced by the organization and outcome of a number of international conferences, especially the United Nations Conference on Environment and Development, the International Conference on Population and Development, the World Summit for Social Development, and the Fourth World Conference on Women.

30. One feature of the 1990s had been a resurgence of faith in the efficacy of the market economy, and this had given rise to a controversy over the role of government in the process of development, especially in its non-economic aspects. Moreover, although strides had been made in development since the early 1990s, there was no guarantee such progress would prove to be sustainable.

31. Much had been said about the so-called "East Asian miracle" and its applicability to other regions and countries. But no country was a "blank canvas"; thus efforts to convert a country to a market economy would not automatically achieve the desired result.

32. Two points seemed clear: successful development involved more than just economic growth, and there was no simple recipe for developmental success.

33. Overall, progress had been made to achieve the goals set out in the Declaration and the Strategy, but a great deal remained to be done. The report in document A/51/270 should provide a basis for discussions by drawing attention to emerging trends and issues of prime importance to development efforts.

34. Mr. BERTHELOT (Executive Secretary of the Economic Commission for Europe) introduced the Secretary-General's report (A/51/285), submitted in accordance with General Assembly resolution 49/106. The report examined economic progress in the countries with economies in transition as well as cooperation between such countries and the United Nations system. The report, which had been prepared in close collaboration with the Department of Economic and Social Information and Policy Analysis, included information provided by 20 entities of the system which were active in the countries of Central and Eastern Europe and in the Commonwealth of Independent States (CIS).

35. Stabilization measures had, on the whole, resolved the hyperinflation, fiscal imbalance and balance-of-payments problems which had affected those countries at the beginning of the 1990s. However, structural reform of the productive sector needed to be accelerated in order to consolidate the recovery observed in Central Europe since 1994, and in certain CIS countries since 1995.

36. Remarkable progress had been made in integrating the economies in transition into the world economy. Trade relations between the countries of Central Europe and between such countries and the CIS had developed, as had exports to developed market economies and to developing countries, not only of primary and semi-finished materials but also, increasingly, of processed products.

37. Financial integration, through loans on the financial markets, foreign investment and loans from international financial institutions, was proving more complex and less rapid. It was mainly those countries which had already introduced major economic reforms that were able to attract foreign capital. Institutional reform must be continued in order to establish a market economy, and the laws and regulations adopted must be enforced in order to establish the confidence necessary for investment and for business creation. In addition, obstacles to market access for exports from countries in transition should be removed.

38. The Secretary-General's report gave an idea of the scope and diversity of cooperation activities between the United Nations system and the economies in transition. ECE and ESCAP devoted a large part of their resources to such countries. Both Commissions provided technical assistance in the form of operational activities, and also seminars and workshops for in-depth policy analysis. They also collaborated with other entities of the United Nations system, and regional and subregional organizations, in order to take advantage of complementarities, promote synergy and avoid duplication of activities. The specialized agencies also played an active role in the countries in transition: by supporting national efforts to improve management systems in public organizations; by giving advice on the legislative and regulatory framework necessary for establishing a market economy; by encouraging decentralization through support to local communities; by consolidating the democratization process; by supporting human resource programmes, social programmes and the creation of small and medium-size businesses; by fostering integration between neighbouring countries, and by generating capital flows.

39. Following a rather chaotic period, the international organizations were currently coordinating their efforts better in the countries in transition. The trend should continue in order to achieve the common goals of a coherent transition towards a market economy and integration into the world economy.

40. Ms. CHAVES (Costa Rica), speaking on behalf of the Group of 77 and China, said that the deterioration of the economic and social situation in developing countries over preceding decades had led to re-examination of the concept of development. Although economic progress was an essential component, development was not just an economic phenomenon; it needed to be accompanied by a restructuring of economic and social relations in order to improve the well-being of the people by combating poverty and inequality.

41. Protectionism, the burden of debt servicing, limited access to technology, and the decrease in the flow of external financial resources towards developing countries had undermined those countries' development efforts. From 1990 to 1995, the world economy had grown at a lower rate than during the 1980s, owing mainly to the developed countries. Economic revitalization in developing countries required a reversal of that trend. Global coordination of economic policies was also essential for the promotion of macroeconomic stability, especially in the monetary and financial markets. Such coordination should include the developing countries in the decision-making process. Development required adequate financial resources and the developing countries' efforts to mobilize national resources should be accompanied by the contribution of external resources corresponding to their needs. In that regard, the decrease in official development assistance to developing countries was a cause for concern. It was therefore urgent that the matter be re-examined. Foreign investment should not be concentrated in just a small number of developing countries; it should try and increase the productive capacity of each one. Sustainable economic growth in developing countries should be based on a multilateral trade system which was open, fair, transparent, non-discriminatory and stable. The environment, human rights and labour legislation should not serve as pretexts for the application of protectionist measures.

42. With regard to the Secretary-General's report on the issue (A/51/270), it should be noted that, although General Assembly resolution 49/92 required the Secretary-General to produce a comprehensive and analytical report on the follow-up to the commitments in the Declaration on International Economic Cooperation and the International Development Strategy, the focus of the report was more on recent trends in the world economy than on the commitments made and the problems of implementation. It did not mention the reports on national economic performance and measures taken to follow up the Declaration and the Strategy that Member States were supposed to submit. Neither did it analyze the impact of those documents on the economic progress of developing countries between 1990 and 1995. It was unfortunate that, even though the issues raised in the Declaration and the Strategy were analogous to those examined at the major United Nations conferences and summits and in the Agenda for Development, they had not been subject to the same follow up. Ways to apply the measures agreed upon in the two texts more efficiently should be examined. The international community's inability to honour its commitments made it impossible for the United Nations to fulfil its mandate in the economic and development spheres.

43. Mr. SMYSHLYAEV (Officer-in-Charge, Macroeconomic and Social Policy Analysis Division, Department for Economic and Social Information and Policy Analysis), referring to the points raised by the preceding speaker in regard to the Secretary-General's report, stressed that it was difficult to summarize all the measures taken since the beginning of the decade in application of the Declaration and the Strategy, pointed out that very few Member States had submitted reports, and recognized that the results of the Strategy should be examined more thoroughly.

44. Ms. CHAVES (Costa Rica) said that she would take up the points raised regarding the report in question directly with the department concerned.

45. Mr. O'CONNELL (Ireland), speaking on behalf of the European Union and supported by Cyprus, the Czech Republic, Hungary, Iceland, Lithuania, Poland, Romania, Slovakia and Slovenia, said that the Secretary-General's report on the implementation of the Declaration on International Economic Cooperation and the International Development Strategy (A/51/270) was very useful because it provided a concise analysis of trends in the world economy. In adopting those texts, the General Assembly had deplored the often disappointing growth performances of the 1980s and stressed the need to renew the growth of the world economy and accelerate development in the developing countries through strengthened international cooperation. The agreements reached at the major United Nations conferences and the work being done in the Agenda for Development exercise represented progress, as the Secretary-General had observed. While it was too early to draw conclusions regarding the sustainability and positive effects of economic developments in achieving the goals set, nevertheless, the progress achieved to date should be analysed.

46. Since 1995, economic conditions had finally been fostering growth, even in the developing countries. The year 1995 had been marked by general growth in all regions, and the trend should be confirmed in 1996. The rate of growth had risen in about 50 per cent of the developing countries and that of the least developed countries should also improve.

47. The reasons for the improvement were diverse, and varied in each country. They included: economic adjustment, increased capital flows and private investment - although in the case of Africa, such flows were insufficient - and the rise in international commodity prices.

48. Today, economic growth was distributed more evenly, but it should not be forgotten that most of the African countries were still among the poorest in the world and efforts to eliminate poverty had made scant progress. In Latin America, per capita GDP growth had actually been negative in 1995.

49. Even though it was not possible to resolve the problems linked to poverty immediately, Governments, development-planners, non-governmental organizations and entrepreneurs should still strive to achieve the goals of development and integration for all. The full involvement of women in all stages of project and programme planning, management and implementation would contribute greatly to the success of economic and social policies.

50. With regard to the integration of the economies in transition into the world economy, the Secretary-General's report on the issue (A/51/285) was helpful and informative. The economic recovery under way in central and eastern Europe was the result of effective macroeconomic policies and the introduction of institutional and structural reforms. Progress in the newly independent countries had been less rapid but the prospects for growth perspectives were good, if the Governments continued with the current sound financial policies and market reforms.

51. Improved access to European Union markets for products from eastern and central Europe had helped expand trade in those countries in recent years.

52. The European Union welcomed the endeavours of the Economic Commission for Europe (ECE), the Economic and Social Commission for Asia and the Pacific (ESCAP), and other international groups and organizations to provide technical assistance for the integration of the economies in transition into the world economy. ECE and the European Union had established useful cooperation regarding harmonization of standards and norms to ensure that they did not become barriers to trade.

53. Mr. BERTHELOT (Executive Secretary of the Economic Commission for Europe) underlined the importance of the harmonization of norms and the elaboration of common instruments. Such initiatives facilitated regional and global integration and gave rise to fruitful collaboration between the regional commissions, as shown by ESCAP's interest in the European norms for the sectors of the environment, trade and perishable goods.

54. Mr. PEDRAZA (Bolivia), speaking on behalf of the Rio Group, said that the countries members of the Group enjoyed unprecedented stability as a result of profound structural adjustments in their economies, which should guarantee them sustained economic growth. In particular, they had brought inflation under control. Moreover, the adjustments had kept pace with the democratization process, which allowed everyone to profit equally from the benefits of development.

55. Despite the optimistic outlook, and although progress had been made since the negative growth of the 1980s, economic growth had remained modest: 0.8 per cent from 1991 to 1996.

56. With regard to international trade, the countries of the Rio Group had chosen to open up on both the trade and financial fronts, within the region and with other regions of the world, through active participation in the Uruguay Round multilateral trade negotiations, which had given birth to the World Trade Organization (WTO). The process of Latin American integration had continued and grown with the creation of various bilateral and multilateral free trade zones (ALADI, MERCOSUR, Andean Pact, Central American Common Market), in accordance with the principle of "open regionalism". Thus, the region had adapted to the multilateral trade system at a time of increased globalization and economic interdependence.

57. However, despite commitments made, barriers remained because the developed countries were still tempted by protectionism, as shown by anti-dumping measures, countervailing duties, progressive increases in duties, slow liberalization of the agricultural and textile sectors and the recourse to unilateral measures outside the WTO dispute settlement system, which was crucial for the defence of the developing countries' trade interests. Of equal concern were the motives invoked by developed countries to reduce the developing countries' access to their markets: the growth of unemployment and the deterioration of the environment.

58. Now that the countries of the Rio Group had implemented the adjustments and modernizations required for their social and economic development, and in order to achieve the objectives of the Declaration on International Economic Cooperation and the International Development Strategy, it was to be hoped that the developed countries would also assume their responsibility to create a favourable international environment for cooperation and economic development, especially with regard to the developing countries.

59. Mr. SMYSHLYAEV (Officer-in-Charge, Macroeconomic and Social Policy Analysis Division, Department for Economic and Social Information and Policy Analysis), said that the Secretary-General's report (A/51/270) stressed the fact that, while the chief pillar of WTO with regard to trade in goods, services and intellectual property was non-discrimination, the cornerstone of regional trading arrangements was - by definition - discrimination. Therefore every effort should be made to make better use of WTO mechanisms in the coming years while studying the effects of the different policies on international trade and growth.

60. Mr. WANG Qun (China) said that the obstacles to the implementation of the Declaration on International Economic Cooperation and the International Development Strategy must be identified; remedies must be proposed on the basis of economic development in the developing countries.

61. While it was encouraging to see that developing countries had achieved rapid economic growth through their own efforts, the deep-rooted problems confronting many of them had not been resolved. The gap between North and South continued to widen. The marginalization of Africa and the least developed

countries was more acute. Thus, the per capita income of more than 100 countries with a total population of 1.6 billion people was lower than what it had been 15 years earlier. The impoverished population in the world had risen from 1 billion in 1990 to 1.3 billion in 1995, increasing by an average of 25 million every year. Moreover, a growing number of countries were being included in the "least developed" category.

62. Clearly, the implementation of the Declaration and the Strategy was far from satisfactory, owing to inequitable international economic relations, an unfavourable external economic environment and stagnant international development cooperation.

63. Nonetheless, the Declaration and the Strategy remained relevant: economic development, social development and environmental protection, which were complementary, all contributed to sustained economic growth, without which there could be no sustainable development. An international consensus had been reached on those major principles, but its translation into concrete action was lagging. Indeed, too many commitments had proved to be empty. In that connection, the international community, particularly the developed countries, should stop seeking immediate benefits and show political will by fulfilling the commitments they had undertaken in such key areas as the provision of resources, debt, trade and technology, and by creating an external environment that would enable developing countries to overcome obstacles to their economic takeoff. That policy would benefit the developed countries in the long run, for at a time of accelerated economic integration, their prosperity and that of the world as a whole depended on the sustained and steady development of the developing countries.

64. It was therefore to be hoped that the objectives of the Declaration and the Strategy would be attained at the earliest possible date so that everyone could share in the fruits of human progress.

65. Mr. ISAKOV (Russian Federation) highlighted the progress achieved in carrying out economic reforms in the countries in transition, whose macroeconomic indicators had improved considerably. In 1994-1995, overall output in the Eastern European countries had steadily increased, and the Baltic countries had witnessed the beginnings of economic recovery. Nonetheless, industrial output in the countries which were members of the Commonwealth of Independent States (CIS) had continued to decline, although less rapidly than before. Russia, for its part, had overcome the acute stage of the serious economic crisis it had been undergoing since 1990 and should soon experience a recovery. Its priority objective now was to accelerate structural adjustment of the economy, which required a more active investment policy.

66. In his report (A/51/285), the Secretary-General had highlighted the remarkable progress achieved in the integration of the countries in transition in the world economy. It should be noted, however, that the volume of foreign direct investment in those countries remained very limited. In order to improve the climate, the Russian Government was currently taking vigorous measures, in particular, by amending the regulatory and legal basis for the investment process and by offering incentives to foreign investors. It had concluded various intergovernmental agreements on mutual protection and promotion of

investments. Russia had acceded to the Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

67. His Government attached particular importance to access to foreign markets. In that connection, it was regrettable that certain Western countries applied discriminatory trade measures against Russia; Russian goods were at times the target of unfair anti-dumping procedures, and it was virtually impossible for Russia to gain access to the high-technology markets. The draft resolution to be adopted by the Committee on international trade and development during the current session should therefore include a provision on facilitating the access of exports from the countries in transition to world markets. It was important for all delegations to support that approach.

68. Russia was striving to participate actively in the work of the multilateral organizations which regulated world economic relations. A fully-fledged member of the International Monetary Fund (IMF), the World Bank group and the European Bank for Reconstruction and Development (EBRD), it hoped to become a member of the World Trade Organization (WTO); it was also attempting to strengthen its relationship with the Organisation for Economic Cooperation and Development (OECD), to which it had applied for membership in May 1996.

69. Russia attached great importance to the development of subregional, regional and interregional cooperation and, in particular, to the consolidation of the integration processes within the Commonwealth of Independent States. That did not imply the re-establishment of the Soviet Union, but rather making the Commonwealth a politically and economically integrated union of sovereign States.

70. The United Nations agencies made a useful contribution to the countries in transition in the areas of technical assistance and advisory services. It was to be hoped that cooperation with those agencies would develop, in particular, in the following areas: assistance for the integration of the countries in transition in the world economy, consolidation of their market infrastructures and their democratic and administrative institutions, mobilization of foreign investments, economic structural adjustment and the conversion of the military industry. To that end, inter-agency coordination and interaction with the Bretton Woods institutions must be strengthened.

71. Mr. BERTHELOT (Executive Secretary of the Economic Commission for Europe), replying to the statement made by the representative of the Russian Federation, stressed the importance of a set of clear and stable policies, instruments and rules that were well known to all in order to attract foreign investments. Certainly, for the time being, foreign investments had been concentrated in a very limited number of countries and the potential of countries like Russia had not yet been fully exploited. By contrast, he wished to stress the considerable progress that had been achieved in recent years with regard to market access, despite the remaining obstacles relating to certification of high-technology goods, certain agricultural products and textiles. In that connection, in joining the World Trade Organization, Russia could increase its capacity for integration in the world economy fairly rapidly. Lastly, regarding the activity of the United Nations system, the report clearly stated that efforts had been made in the areas mentioned by the Russian representative. Contacts had already

been made with the World Bank, and other initiatives along those lines should follow.

72. Mr. Djabbary (Islamic Republic of Iran) took the Chair.

73. Ms. AMOAH (Ghana) said that both the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, and the International Development Strategy for the Fourth United Nations Development Decade stressed the need to ensure the growth of the world economy and to accelerate development in the developing countries through enhanced international cooperation. They called on the developed countries not only to assist the developing countries through the provision of financial resources and improved market access, but also to ensure that the terms of trade, particularly commodity prices, did not change in a manner that would adversely affect developing countries, which were primary commodity exporters.

74. In assessing the implementation of the Declaration and the Strategy, the Secretary-General's report conceded that despite some "success stories" the growth of per capita GDP of many developing countries had been small, while average levels of per capita output in most regions, particularly in Africa, still remained below their 1980 levels in real terms. The report further noted that Africa's future economic performance might be impeded by long-term structural constraints to development, such as high external indebtedness, unequal distribution of and access to resources, poorly developed institutions and low levels of human resource development. Regarding financial flows, in 1995 about 80 per cent of foreign direct investment had gone to only a handful of developing countries. Moreover, concessional assistance had suffered a continuous decline as a share of capital inflows since 1990, while official development assistance had declined in real terms over the past four years.

75. Since the international community had failed to come up with an effective development-oriented strategy, the debt had reached unsustainable levels for some countries. The situation was the same with regard to market access, since the access of the poorest countries to markets had not improved following the signing of the Uruguay Round agreements. On the contrary, many developing countries were likely to suffer as a result of the removal of the Generalized System of Preferences, the increase in disguised protectionist measures and in world prices for some foodstuffs, imported textiles and clothing.

76. Consequently, in her delegation's view both the Declaration and the Strategy had not been implemented. While most developing countries had been reforming their economies, the external environment had not been supportive of their development efforts. International cooperation should be strengthened and the measures adopted by the recent major conferences, which aimed at achieving development within the larger context of peace and security, should be fully implemented. Indeed, international peace and security could neither be achieved nor maintained in the absence of development.

77. Mr. APTSIAURI (Georgia) hailed the positive trends in the development of international economic relations, which were characterized by the overall growth of world trade and of foreign investments, and the integration of various

regions into the world economy. The ongoing reforms in the Eastern European countries and in the countries of the Commonwealth of Independent States contributed to promoting that process.

78. As the Secretary-General had noted in his report on the integration of the economies in transition into the world economy (A/51/285), despite the continuing and severe problems, there had been a marked improvement in macroeconomic performance in recent years.

79. Many United Nations agencies made substantial contributions to the economic development of the countries in transition in various forms such as financial support, technical assistance, coordination and personnel training.

80. Georgia was facing specific obstacles in its efforts to transform the economy as a result of the conflict in the Abkhazian region. Despite those difficulties, his Government was determined to press ahead with the implementation of its economic stabilization programme and with plans to balance public finances.

81. The United Nations agencies had an extremely important role to play in the macroeconomic stabilization process and structural reforms pursued by the countries in transition, and their support could only facilitate the integration of those countries into the world economy.

82. Mr. MODOUX (Director of the Communication Division of the United Nations Educational, Scientific and Cultural Organization) introduced the report of the sixth Interagency Round Table, which had taken place in Harare, Zimbabwe, in September 1996. The meeting had enabled participants to share information and concrete experiences, explore common strategies and identify mechanisms to improve communications for development experiences among key actors in development, with emphasis on southern Africa, especially Zimbabwe.

83. The Round Table had focused on communication for development at the grass-roots and community level, in particular, communication techniques, methods and technologies to increase people's participation and catalyse the creation and sharing of knowledge and skills. Like President Konare of Mali, participants in the meeting had asserted that it was only through participatory communication, namely, open, two-way communication that fostered dialogue, that communities could speak out and participate in the decisions that concerned their development. Participatory communication also sought to change attitudes and behaviour in order to empower the people and strengthen the democratic process so that, in the long run, the development agenda could be set and implemented by the people.

84. The Round Table had noted that the effective use of communication for development depended on several factors: the integration of communication as a component in every development project or programme; the formulation of national policies, strategies and programmes for building or enhancing communication for development capacities and structures; national and local human capacity-building and training in the use of communication and information technologies; the establishment of national coordination mechanisms for communication for development activities; increased access to communication media, for women,

young people, people living in rural communities and disadvantaged sections of urban areas; research, evaluation and assessment.

85. Bearing in mind those factors, participants in the Round Table had addressed recommendations to various actors in development, Governments, international organizations, bilateral donors and others. They had recommended that: the communication for development component should be included in the programmes of the United Nations System-wide Special Initiative on Africa through appropriate funding; development and donor partners should ensure the long-term viability of their projects by establishing management and financial plans designed to generate income and ensure the sustainability and independence of such projects; specialized agencies, non-governmental organizations, and in-country institutions should contribute towards the development of rural radio and community radio through the formulation of an appropriate legal framework; low-cost broadcasting technologies and low-cost radio receivers should be used; Governments, development institutions and other partners should increase their efforts to build capacities in the use of new information and communication technologies for development in Africa. The Round Table had also recommended that financing should be identified to ensure the sharing of the experiences of the Federation of African Media Women of Zimbabwe in contacting rural communities, in mobilizing women to enhance their role in development and in training people to use technical equipment and make their own radio programmes; that countries should be encouraged and assisted to build the appropriate capacities and institutions at the local and national levels; that the Southern Africa Development Community (SADC) and Governments of the region should continue to promote the services of the SADC Centre for Communication for Development; that specialized agencies, governmental and non-governmental organizations should share methodologies and the results of research work and collaborate whenever feasible; and, lastly, that all agencies should support communication programmes aimed at making the recommendations of United Nations conferences more widely known and contributing to their implementation.

86. Mrs. RADUCHOWSKA-BROCHWICZ (Poland) said that the increasing globalization and liberalization of the world economy made it necessary for developing countries and countries with economies in transition to adapt their economies to new circumstances while introducing reforms needed in order to achieve sustainable, human-centred development.

87. Notwithstanding the emergence of positive trends in the economies of many countries, dramatic variations between regions persisted. The international community should strive to reduce those disparities by focusing first on those in greatest need. Efforts to bring about more equitable growth also should take into account other key components of sustainable development, including its social and environmental aspects and the gender perspective.

88. The developing countries and the countries with economies in transition had made some progress in recent years towards the establishment of a market economy; for example, prices had been liberalized, most currencies were convertible, inflation had been reduced, shortages had been eliminated and the private sector played a greater role. New international business practices and standards had been adopted. Nevertheless, many problems continued to hamper the full integration of those countries into the world economy. For example, their

banks and other financial institutions required strengthening and large State enterprises should be privatized as a matter of priority; it also was necessary to create social safety nets and fully involve women in the reform process. Accordingly the international community should continue to assist the countries with economies in transition to establish a market economy and achieve sustainable and balanced development. It should be noted in that connection that many United Nations bodies provided very useful assistance in those areas.

89. Mr. MARRERO (United States of America) said that the private sector was the primary engine of economic development. The key to growth was the creation of the necessary conditions to foster private sector investment, including the development of human resources and environmental protection. In that process, the State must avoid any action which might be harmful to development fostered by the private sector, provide economic incentives where appropriate and combat abuses.

90. Official development assistance and multilateral lending were most effective when they promoted private sector participation. Sound fiscal and monetary policy, free trade, currency convertibility and straightforward procedures for the creation of businesses were the best ways to achieve sustainable growth, at any stage of a nation's development. The attainment of that objective required good governance, which could be defined as government that was honest, open and equitable, that provided public institutions which were stable, responsive and reliable and that was transparent, representative, accountable and restrained. For the same reasons that it was necessary to promote the values of good governance, it also was necessary to highlight the evils which threatened it, namely, corruption and related illicit practices. There was growing awareness in the international community that corruption undermined good governance and the effective use of scarce aid resources. As Mr. Wolfensohn, the President of the World Bank, had stated, corruption was a "cancer" that formed a major barrier to sound and equitable development. Corruption in any form must not be tolerated.

91. Corruption threatened good governance not only because it spread the social corrosion of crime, but also, because it exacted devastating economic, environmental and political consequences. It distorted markets and hindered economic development, enriching a few at the expense of many. Corruption could degrade the environment and endanger public safety. It weakened governments which were already weak and threatened emergent democracies; it constituted a non-tariff barrier to trade which placed companies that refused to engage in the practice at a disadvantage. In short, corruption constituted a multifaceted menace to society and its development.

92. The battle against that scourge therefore must be waged at all levels, international, national and local. It must enlist all countries and all segments of society - government, private enterprises and non-governmental organizations. It was time that the United Nations, too, paid greater attention to the challenge of corruption. The adoption of the draft United Nations declaration against corruption and bribery in international commercial transactions would be a first essential step to that end; the credibility of the economic dialogue under way in the General Assembly demanded nothing less. The matter currently was under discussion in the Economic and Social Council. Just

as Member States had in the past insisted on social and economic development and environmental protection, so they must now demand that good governance be recognized as part of the development consensus.

93. Mr. PAPIAN (Armenia) said that the special situation of the countries with economies in transition merited a specific analysis by the organizations of the United Nations. Although each country was responsible for its own economic policy, the reactivation of economic growth and development in all countries required a coordinated effort by the entire international community; accordingly, particular attention should be paid to the needs of countries with economies in transition, without thereby reducing assistance to developing countries. There was no question that the integration of those countries into the world economy and their involvement in the work of multilateral institutions would have a very positive impact on the global economy.

94. Armenia's strategy for economic reform involved three main elements: macroeconomic stabilization, economic liberalization and the privatization of State-owned assets. Notwithstanding a number of obstacles which it had encountered, Armenia had achieved a fair degree of economic stability and an increase in output. The Government maintained the necessary fiscal and monetary discipline and endeavoured to rationalize social expenditure while protecting those in greatest need.

95. The presence of the United Nations specialized agencies and the Bretton Woods institutions in Armenia clearly enhanced the durability of the transition process. However, the integrated approach taken by the United Nations system should be strengthened through the country strategy notes and the resident coordinator system. By using each country's indigenous knowledge and available international expertise, it would be possible to enhance the effectiveness of measures adopted.

The meeting rose at 12.10 p.m.